

Message Text

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PAGE 01 CAIRO 07167 170920Z

17

ACTION NEA-16

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-03

INR-11 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SP-03

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R 161140Z SEP 74

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 8963

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E.O. 11652: GDS

TAGS: PINT EGEN EG

SUBJECT: BONUS FOR CIVIL SERVANTS REFLECTS GOE CONCERN SUPPLY AND
ECONOMIC ISSUES

1. SEPTEMBER 16 CAIRO PRESS ANNOUNCES THAT BONUS OF ONE MONTH'S SALARY, UP TO LIMIT OF L.E. 30, HAS BEEN GRANTED BY GOE TO EGYPTIAN CIVIL SERVANTS AS WELL AS PUBLIC SECTOR WORKERS. OTHER FORMS OF ECONOMIC RELIEF, SUCH AS REDUCTION OF COMPULSORY RATE OF SAVINGS, HAVE ALSO BEEN DECREED.

2. COMMENT: ANNOUNCEMENT, COMING ON EVE OF RAMADAN (EXPECTED TO BEGIN TOMORROW, SEPT 17) IS CLEARLY PLANNED FOR MAXIMUM POLITICAL EFFECT AFTER MONTHS OF DEEPENING ECONOMIC MALAISE INVOLVING CONTINUED INCREASE OF COST OF LIVING AND BROADENING SHORTAGES OF NECESSARY SUPPLIES. NORMALLY, GOE AUTHORIZES MONTH'S BONUS IN JANUARY FOR PUBLIC SECTOR WORKERS, BUT HAS NOT IN RECENT MEMORY FELT COMPELLED TO RELIEVE TIGHTENING PINCH IN CIVIL SERVICE BY OFFERING EXCEPTIONAL BONUS IN THIS MANNER. ONE FACTOR INVOLVED IN DECISION IS UNDOUBTEDLY CONCERN OVER EFFECT OF SUCH SHORTAGES AND INCREASED INABILITY OF CONSUMER TO PAY FOR FOODSTUFFS DURING RAMADAN, NORMALLY A MONTH OF HIGH CONSUMPTION AND IRRITABLE TEMPER.

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PAGE 02 CAIRO 07167 170920Z

3. DESPITE INCREASED AVAILABILITY OF PURCHASING RESOURCES AS
RESULT OF BONUS, WE HAVE SEEN LITTLE TO INDICATE THAT SUPPLY
SHORTAGE HAS BEEN SIGNIFICANTLY EASED; AND IT MAY BE THAT
ONE EFFECT OF GOE BONUS WILL BE TO FURTHER FORCE UP PRICES
OF COMMODITIES IN BLACK MARKET.

EILTS

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Message Attributes

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